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Message Text

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ACTION EA-09

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C O N F I D E N T I A L WELLINGTON 4695

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: EGEN, PGOV, PINT, NZ
SUBJECT: CONVERSATION WITH BARRIE LEAY, EXECUTIVE SECRETARY OF NEW ZEALAND NATIONAL PARTY
VDRY: DURING THE COURSE OF LENGTHY DISCUSSION WITH BARRIE LEAY, EXECUTIVE SECRETARY OF NEW ZEALAND NATIONAL PARTY, LEAY ADVISED POLITICAL COUNSELOR AND LABATT THAT: (A) OIL IN COMMERCIAL QUANTITIES HAD DEFINITELY BEEN FOUND IN OFFSHORE DRILLING SOUTH OF NEW ZEALAND'S SOUTH ISLAND; (B) NEW ZEALAND'S ELECTORAL REPRESENTATION COMMISSION'S WORK HAS BEEN COMPLETED IN SUCH A FASHION AS TO BENEFIT NATIONAL PARTY IN 1978 ELECTIONS; (C) A RECENT PERSONAL REVIEW OF SOUTH ISLAND ECONOMIC OPPORTUNITIES INDICATES REASON FOR LONG-TERM OPTIMISM; (D) NATIONAL GOVERNMENT IS BEING FORCED TO REVISE ITS POLICY OF NOT INTERFERING WITH SPORTING TIES WITH SOUTH AFRICA; (E) RUMORE CABINET RESHUFFLE BY MULDOON'S NATIONAL GOVERNMENT IS SIX MONTHS OR MORE AWAY. END SUMMARY.

1. POLITICAL COUNSELOR AND LABOR ATTACHE HAD EXTENSIVE DISCUSSION DECEMBER 11 WITH BARRIE LEAY, EXECUTIVE SECRETARY OF NEW ZEALAND'S NATIONAL PARTY. DURING COURSE OF CONVERSATION, LEAY VOLUNTEERED CONFIDENTIAL

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SEVERAL ITEMS OF INFORMATION WHICH ARE OF MAJOR INTEREST, INCLUDING A CATEGORICAL ASSERTION THAT OIL EXPLORATION IN THE OFFSHORE AREAS SOUTHOF NEW ZEALAND HAS RESULTED IN AN OIL FIND OF COMMERCIAL PROPORTIONS. LEAY OFFERED THE PRODUCTION FIGURE OF 400,000 BARRELS OF OILF PER DAY, NOTING THAT THIS WOULD CONSIDERABLY EXCEED NEW ZEALAND'S DOMESTIC REQUIREMENTS, MAKING NEW ZEALAND AN

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OIL EXPORTER AND WOULD OPEN UP THE POSSIBILITY OF EXPORTING NATURAL
GAS FROM THE EXTENSIVE MAUI GAS FIELDS. WHILE LEAY WAS FIRM IN
HIS ASSERTION OF THE OIL FIND, HE DID NOT INDICATE THE SOURCE OF
HIS INFORMATION.

2. IN THE MATTER OF REDRAWING ELECTORATE BOUNDARIES, LEAY, WHO
IS THE NATIONAL PARTY REPRESENTATIVE ON THE ELECTORAL REPRESENTATION
COMMISSION, VOLUNTEERED THAT THE COMMISSION'S WORK WAS NOW
COMPLETED AND THAT THE REDRAWN ELECTORATE LINES ARE DECISIVELY
ADVANTAGEOUS TO NEATIONAL PARTY. HE FURTHER SAID THAT THE
LABOUR PARTY WAS AWARE OF THE REDRAWN BOUNDARIES, ALTHOUGH NOT
YET PUBLISHED, AND THAT THEY ARE ACTIVELY DEBATING
WITHIN THE PARTY WHAT THEY MAY FEASIBLY DO IN LIGHT OF THE
COMMISSION'S TRADITIONALLY KNDIEPENDENT STATURE. LEAY OFFED TO
MEET WITH LABOR ATTACHE FOLLOWING PUBLICATION OF THE BOUNDARIES
AND TO REVIEW WITH HIM THE "DEVASTATING" EFFECTS OF THE NEW
ELECTORAATE LINES ON LABOUR PARTY'S PROSPECTS FOR 1978.

3. COMMENTING ON HIS RECENT TRAVELS THROUGH THE SOUTH ISLAND,
LEAY SAID THAT HE IS PERSONALLY OPTIMISTIC OVER THE LONG-TERM
ECONOMIC OPPORTUNITIES FOR THE SOUTH ISLAND. HESE ARE BASED
ON A FULLER DEVELOPMENT OF THE SOUTH ISLAND'S MINERAL
RESOURCES (HE MENTIONED COAL), FOREST RESOURCES, FISHING
AND TOURISM. HE SAID THAT NATIONAL GOVERNMENT OVER THE NEXT TWO
YEARS WOULD BE TAKING ACTIVE INTEREST IN THE FURTHER DEVELOPMENT
OF THE SOUTH ISLAND.

4. ON THE MATTER OF SPORTING TIES WITH SOUTH AFRICA, LEAY NOTED
THAT THE GOVERNMENT'S POLICY HAS BEEN THE OBJECT OF CONSIDERABLE
FOREIGN BUT ALSO DOMESTIC CRITICISM. HE SAID THAT NEW ZEALAND
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PUBLIC OPINION ON SUBJECT OF SOUTH AFRICAN SPORTING TIES HAS
UNDERGONE MARKED CHANGE SINCE THE 1975 ELECTIONS AND THAT THE
NATIONALY
GOVERNMENT WOULD UNQUESTIONABLY BE OBLIGED TO MOVE IN THE FUTURE
IN THE DIRECTION OF CURTAILING SOUTH AFRICAN SPORTING LINKS.

5. LEAY ALSO OFFERRED HIS OPINION ON THE RUMORED PROSPECTS FOR
NATIONAL GOVERNMENT CABINET RESHUFFLE. NOTING THAT MULDOON HAD
RECENTLY GIVEN A PUBLIC ASSESSMENT OF THE WORK OF HIS CABINET
MEMBERS, LEAY SAID THAT SOME PRESENT MEMBERS OF THE CABINET
HAVE NOT PERFORMED UP TO EXPECTATIONS AND THAT MULDOON WOSJJD GYEFINE
TELY RESHUFFLE HIS CABINET WELL BEFORE THE 1978 ELECTIONS.
HE SAID THERE ARE SEVERAL DEPUTY SECRETARIES, AND INDEED THREE OR
FOUR FRESHMEN BACKBENCHERS, WHO MAY BE GIVEN AN OPPORTUNITY IN
A RESHUFFLED CABINET TO DEMONSTRATE THEIR ABILITIES.
HE DOUBTED THAT ANY RESHUFFLEING WOULD TAKE PLACE BEFORE
NEXT JULY-AUGUST TIME, HOWEVER.

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6. COMMENT: LEAY HAS THE QUALITY OF APPEARING TO BE
DESARMINGLY CANDID. IN ADDITION, HE IS SUPREMELY CONFIDENT
(ALMOST OT POINT OF BEING COCKY) BOTH OF HIS OWN CAPABILITIES
AND IN THE FUTURE OF THE NATIONAL PARTY. LEAY DOES, HOWEVER,
HAVE ACCESS AT THE VERY TOP OF THE NATIONAL GOVERNMENT
AND ROUTINELY DEALS WITH THE MOST SENIOR DECISION-MAKERS WITHIN
THE CABINET. WHILE EMBASSY WOULD NORMALLY HESITATE TO GIVE WEIGHT
TO UNSUBSTATIATED ASSERTIONS SUCH AS LEAY'S COMMENTS ABOUT THE
OIL FIND, THE UNQUESTIONED LEVEL OF HIS ACCESS MAKES HIS REMARKS
WORTH NOTING. END COMMENT.
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